

**YOUNG EISNER SCHOLARS  
(dba YES)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021**

**VASIN, HEYN & COMPANY**

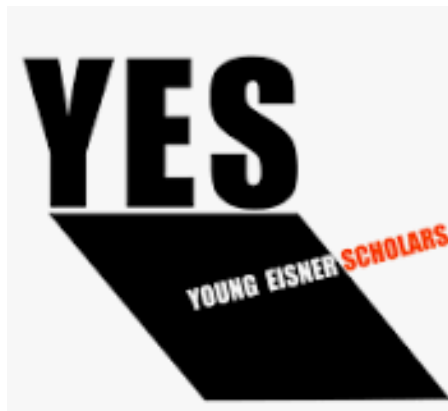
*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
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# VASIN, HEYN & COMPANY

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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Young Eisner Scholars (dba YES)  
(A California Non-Profit Corporation)  
Inglewood, California

We have audited the accompanying financial statements of Young Eisner Scholars (dba YES), (A California Non-Profit Corporation), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Eisner Scholars as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We previously audited Young Eisner Scholars' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Young Eisner Scholars.

*Vorlein, Hryn + Co.*

Calabasas, California  
April 20, 2022

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,327,095	\$ 986,345
Accounts receivable	909,889	-
Promises to give, net of allowance	492,700	699,362
Student loans receivable	7,890	9,435
Investments	2,744,163	2,643,730
Deposits and prepaid expenses	194,471	89,168
Property and equipment, net	11,809	19,683
Total assets	\$ 5,688,017	\$ 4,447,723
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 77,796	\$ 24,889
Accrued payroll and related liabilities	55,625	44,156
Deferred revenue	1,190,001	315,001
Paycheck Protection Program Loan	176,945	183,690
Total liabilities	1,500,367	567,736
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated	750,000	-
Undesignated net assets	2,884,705	3,521,468
With donor restrictions	552,945	358,519
Total net assets	4,187,650	3,879,987
Total liabilities and net assets	\$ 5,688,017	\$ 4,447,723

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>REVENUE, SUPPORT AND RESTRICTIONS RELEASED</b>				
Contributions and grants	\$ 1,110,776	\$ 615,250	\$ 1,726,026	\$ 1,651,517
Forgiveness of Paycheck Protection Program loan	183,690	-	183,690	-
In-kind contributions	44,460	-	44,460	44,460
Interest and dividends earned	70,161	-	70,161	82,722
Realized and unrealized gain(loss) on investments, net	30,204	-	30,204	36,137
Other revenue	1,999	-	1,999	22,250
Restrictions released	<u>420,824</u>	<u>(420,824)</u>	<u>-</u>	<u>-</u>
Total revenue, support and restrictions released	1,862,114	194,426	2,056,540	1,837,086
<b>EXPENSES</b>				
Program services	1,484,854	-	1,484,854	1,541,671
Support services	157,493	-	157,493	142,550
Fundraising expenses	<u>106,530</u>	<u>-</u>	<u>106,530</u>	<u>125,736</u>
Total expenses	<u>1,748,877</u>	<u>-</u>	<u>1,748,877</u>	<u>1,809,957</u>
<b>CHANGE IN NET ASSETS</b>	113,237	194,426	307,663	27,129
<b>NET ASSETS - beginning of year</b>	<u>3,521,468</u>	<u>358,519</u>	<u>3,879,987</u>	<u>3,852,858</u>
<b>NET ASSETS - end of year</b>	<u>\$ 3,634,705</u>	<u>\$ 552,945</u>	<u>\$ 4,187,650</u>	<u>\$ 3,879,987</u>

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Services	Support Services	Fund- raising	2021 Total Expenses	2020 Total Expenses
<b>Expenditures</b>					
Personnel	\$ 905,582	\$ 95,792	\$ 72,279	\$ 1,073,653	\$ 1,036,325
Volunteer development	254	86	401	741	641
Student support	419,659	1,428	-	421,087	446,221
Summer programs fees	655	-	-	655	2,798
Scholarship	-	-	-	-	150
Educational Consulting	2,455	-	-	2,455	-
Internships and stipends	10,723	-	359	11,082	495
Testing and application fee	10,603	110	-	10,713	34,040
Grant and development	-	-	150	150	15,162
Event expenses	1,380	-	691	2,071	9,034
Travel	643	114	639	1,396	19,634
Community relations and marketing	108	-	3,578	3,686	24,752
Local transportation	596	854	41	1,491	3,123
Auto and van expense	3,644	628	-	4,272	1,784
Meetings	60	-	798	858	766
Dues and subscriptions	2,700	4,422	404	7,526	5,379
Conference and training	7,952	3,300	-	11,252	2,335
Professional fees	87,722	11,693	7,712	107,127	118,294
Supplies	583	657	-	1,240	2,105
Printing and copying	90	610	-	700	1,979
Postage and delivery	310	586	73	969	1,887
Telephone and internet	-	320	-	320	917
Website expense	-	145	-	145	853
Equipment-leased and purchased	1,264	6,513	-	7,777	2,980
Occupancy	2,000	-	-	2,000	4,085
Bank and merchant charges	51	984	4,338	5,373	2,933
Business Licenses and permits	202	-	-	202	1,244
Insurance	2,924	7,599	247	10,770	17,439
Depreciation and amortization	7,874	-	-	7,874	7,873
In-kind	14,820	14,820	14,820	44,460	44,460
Miscellaneous expense	-	6,832	-	6,832	269
<b>Total expenses</b>	<b>\$ 1,484,854</b>	<b>\$ 157,493</b>	<b>\$ 106,530</b>	<b>\$ 1,748,877</b>	<b>\$ 1,809,957</b>
	<u>84.90%</u>	<u>7.85%</u>	<u>6.09%</u>	<u>100.00%</u>	

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 307,663	\$ 27,129
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	7,874	7,873
Forgiveness of Paycheck Protection Program Loan	(183,690)	-
Donated stock	(159,866)	(100,426)
Realized & unrealized (gain)loss on investments, net	(30,204)	(36,137)
(Increase) decrease in:		
Accounts receivable	(909,889)	-
Promises to give, net of allowance	206,662	341,196
Student loans receivable	1,545	9,267
Deposits and prepaid expenses	(105,303)	4,912
Increase (decrease) in:		
Accounts payable and accrued expenses	52,907	(90,666)
Accrued payroll and related liabilities	11,469	38,764
Deferred revenue	<u>875,000</u>	<u>315,001</u>
Total adjustments	<u>(233,495)</u>	<u>489,784</u>
Net Cash Provided (Used) by Operating Activities	74,168	516,913
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales, purchases of investments, net	159,798	125,431
Dividends from investments reinvested	<u>(70,161)</u>	<u>(82,813)</u>
Net Cash Provided (Used) by Investing Activities	<u>89,637</u>	<u>42,618</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing from Paycheck Protection Program loan	<u>176,945</u>	<u>183,690</u>
Net Cash Provided (Used) by Financing Activities	<u>176,945</u>	<u>183,690</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	340,750	743,221
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>986,345</u>	<u>243,124</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,327,095</u>	<u>\$ 986,345</u>
<b>Supplementary Disclosures:</b>		
In-kind contributions	<u>\$ 44,460</u>	<u>\$ 44,460</u>
Forgiveness of Paycheck Protection Program Loan	<u>\$ 183,690</u>	<u>\$ -</u>

See accompanying auditors' report and notes to financial statements



**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**1. ORGANIZATION**

Young Eisner Scholars (dba YES) was founded pursuant to the California Non-Profit Public Benefit Corporation laws and conducts its activities exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1954 under which it is qualified as a tax-exempt organization.

Dedicated to promoting America's promise of equal opportunity for equal talent, Young Eisner Scholars identifies promising young students from low-income communities and equips them with the resources, support, and skills required for success through high school, college, and career. While half of all people from high-income families have a bachelor's degree by age 25, just 1 in 10 people from low-income families do. College persistence is just as significant - less than a quarter of first generation students persist after their first year of college. From neighborhoods in which fewer than 10% of adults have a college degree, 100% of Young Eisner Scholars accepted to college and 93% graduate!

These remarkable numbers are a testament to the success of our model. Young Eisner Scholars works to address the multitude of challenges that historically have prevented low-income students from accessing academic, social, and career opportunities, and we tailor our aid to students' personal and familial situation. 90% of Young Eisner Scholars scholars are first generation college students and 85% are from families that qualify as low or super-low income. Although tuition payments and supplemental collegiate costs for our college students account for the largest portion of Young Eisner Scholars' programming expenses, our long-term holistic programming focuses on providing the essential preparation necessary for our scholars to become competitive candidates for college acceptance and later, career success.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**1. ORGANIZATION - Continued**

Young Eisner Scholars are identified in the 6th grade from our Title I middle school partners across the country. We utilize a data-driven approach to student support, consisting of three scaffolded phases, each focused on developing core skills and providing essential supplemental resources to ensure that students are competitive with their more privileged counterparts. Our middle school programming is centered around a rigorous math and logic curriculum designed to improve critical thinking, literacy, and self-expression, as well as prepare them for admittance to competitive high schools. Middle school scholars also participate in robust summer programming designed to build cultural capital and prevent academic summer backslide. Armed with what they've learned from our thorough middle school programming, scholars are accepted to and attend the country's most competitive high schools, including Harvard-Westlake, Exeter, Bronx Science and Whitney Young High School. The Young Eisner Scholars high school program then builds on the skills students acquired in middle school, with an even more individualized approach to student success: connections to summer programs, academic tutoring, internship opportunities, mentoring, topical workshops, social-emotional wellness, and individualized college admissions counseling, including college tours and high level standardized test prep. This programming is specifically designed to help foster independence and self-advocacy. The third phase is focused on college success, persistence, and graduation, as well as career placement. Our staff maintains frequent contact with Young Eisner Scholars college scholars, helping to adapt them to all aspects of the more challenging environment of college. We provide our scholars with the means to access both crucial and transformative social immersion opportunities around the country and the world, endowing them with the interpersonal, critical thinking and communication skills necessary to become competitive candidates for the workforce. Young Eisner Scholars provides generous financial support for tuition, textbooks, testing fees, indirect school fees, travel, housing, and other key elements that lock so many low-income students out of higher education. Additionally, Young Eisner Scholars provides access to mental health, legal, and medical resources to ensure student/family health and wellness.

Young Eisner Scholars scholars attend the most competitive high schools, colleges, and graduate programs (including Harvard, Yale, & Stanford) across the nation and are excelling in profitable careers spanning every field- from medicine, law, and media to finance and engineering. Our current college scholars are attending 93 colleges and universities in 22 states. 73% of current Young Eisner Scholars college and graduate students attend schools on the US News & World Report "Top 100 List." Graduates are enjoying successful careers at companies including Apple, Morgan Stanley, NPR, Google, KPMG, Hogan Lovells LLP, UTA, Goldman Sachs, The National Parks Service, The Whitney Museum, and Mercedes Benz.

Young Eisner Scholars currently serves over 700 students nationally and is growing at a rate of 75 new students each year.

Young Eisner Scholars prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Young Eisner Scholars are described below to enhance the usefulness and understandability of the financial statements.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

*Net Assets*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with donor restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All revenues and net gains are reported as increases in net assets without donor restrictions in the Statement of Activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions

*Cash and Cash Equivalents*

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At year-end, and throughout the year, Young Eisner Scholars' cash balances exceeded federally insured limits. Management believes Young Eisner Scholars is not exposed to any significant credit risk on cash and cash equivalents.

*Promises to Give, Net of Allowance*

Promises to give were recognized at fair value of the promise. Management provides for probable uncollectible amounts through a provision for an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts balance at August 31, 2021 was \$36,750.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Student Loans Receivable*

Young Eisner Scholar provides loans to students based on grades and needs. These Student loans range from \$1,000 to \$5,000 and are interest free with no collateral requirements. These loans are short term and are due within one year when the school year ends. Some of the loans are eligible for renewal. Due to the low past due rate with these loans, they are reviewed annually and allowance for doubtful accounts is established to account any potential uncollectable loan amounts.

*Investments*

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the Statement of Financial Position. Unrealized gains and losses (including investments brought, sold, and held during the year) are included in the Statement of Activities as gain (loss) on investments.

*Deposits and Prepaid Expenses*

Prepaid expenses and deposits consist of school tuitions, tutors, fundraising event and insurance expenses and are expensed ratably over their respective terms of agreement.

*Property and Equipment, Net*

Land, buildings, property, and equipment are reported in the Statement of Financial Position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Young Eisner Scholars' assets will be capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Property, consisting primarily of equipment, is depreciated on a straight-line basis over estimated useful lives, generally three to five years. Fully depreciated assets are retained in the accounts at their estimated salvage value until their retirement. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Vehicles	5 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*Deferred Revenue*

Deferred revenue consists of advance payments for a fundraising event.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Revenue Recognition*

Young Eisner Scholars receives revenues mostly from contributions and grants from foundations, corporations or individuals (either with donor restrictions or without donor restrictions), and proceeds from fundraising events. All contributions are recognized when received though releases from net assets with donor restricted contributions are based on the timing of restrictions being met. Revenues from events, if paid in advance, are deferred to period in which the event takes place. Otherwise, they are recognized as received if the event is in the same fiscal year.

*Donated Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of stock are generally sold when received and recorded based on value received.

*Income Taxes*

Young Eisner Scholars is a nonprofit organization exempt from taxation under Internal Revenue Code 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision for income taxes is included in the financial statements.

In addition, Young Eisner Scholars has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Young Eisner Scholars in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

Young Eisner Scholars returns for tax years ended August 31, 2020, 2019 and 2018, are subject to examination by federal and state taxing authorities, generally for 3 years after they were filed. As of and for the year ended August 31, 2021, Young Eisner Scholars had no material unrecognized tax benefits, tax penalties or interest.

Young Eisner Scholars Forms 199, *California Exempt Organization Return*, for each of the tax years ended August 30, 2020, 2019, 2018, and 2017, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Expense Recognition and Allocation*

The cost of providing Young Eisner Scholars' programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions based on total salary expense or on the time and effort of employees.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Young Eisner Scholars.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Young Eisner Scholars generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Young Eisner Scholars' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Young Eisner Scholars' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

*Reclassifications*

Certain amounts in the 2020 comparative totals have been reclassified to conform with the 2021 reporting format.

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Young Eisner Scholars financial statements for the year ended August 31, 2020, from which the summarized information was derived.

**YOUNG EISNER SCHOLARS  
(dba YES)  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value Measurements*

General accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level.

*Level 1* - Quoted prices in active markets for identical assets.

*Level 2* - Quoted prices in active or inactive markets for the same or similar Assets.

*Level 3* - Estimates using the best information available when there is little or no market.

The carrying amounts of cash and cash equivalents, and promises to give approximate fair value because of the terms and relatively short maturity of these financial instruments. The mutual funds and stocks are valued at quoted market prices, which represent the net asset value held by Young Eisner Scholars at year end.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, Young Eisner Scholars measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**3. PROMISES TO GIVE, NET OF ALLOWANCE**

Promises to give are measured as Level 1 inputs using market prices and are stated at fair value. Promises to give at August 31, 2021 are as follows:

	Amount
Receivable in less than one year	\$ 525,000
Receivable in one to six years	<u>35,000</u>
Total Promises to Give	560,000
Less unamortized discount at 5%	(30,550)
Less 5% allowance	<u>(36,750)</u>
Promises to Give, Net of Allowance	<u>\$ 492,700</u>

The unamortized discount is based on a risk free rate and additional market risk factor.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
**(CONTINUED)**

**4. INVESTMENTS**

Young Eisner Scholars values its investments at fair value. Unrealized gains or losses (including investments brought, sold and held during the year) are reflected in the Statement of Activities as gain or (loss) on investments. All assets reported at fair value at August 31, 2021 are Level 1 inputs.

Investments consist of the following at August 31, 2021 and are measured at fair value:

	<u>Total</u>	<u>Level 1</u>
Mutual Funds	\$ 634,431	\$ 634,431
Stocks	<u>2,109,732</u>	<u>2,109,732</u>
Total investments	<u>\$ 2,744,163</u>	<u>\$ 2,744,163</u>

At August 31, 2021, Young Eisner Scholars does not have any investments measured using Level 2 or 3 inputs.

The composition of the investment return reported in the Statement of Activities as of August 31, 2021 is as follows:

	<u>Amount</u>
Interest and dividends earned	\$ 70,161
Realized and Unrealized gain(loss) on investments, net	<u>30,204</u>
Total investment return	<u>\$ 100,365</u>

**5. PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at August 31, 2021:

	<u>Amount</u>
Vehicles	\$ 74,660
Less: Accumulated Depreciation	<u>(62,851)</u>
Property and Equipment, net	<u>\$ 11,809</u>

Total depreciation expense for the year ended August 31, 2021 was \$7,874.



**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021  
(CONTINUED)**

**6. DEFERRED REVENUE**

Young Eisner Scholars received sponsorships, table purchases and registrations revenue for its annual fundraising event to be held during FY 2019-20. Due to the Pandemic, the event was postponed and these revenues of \$1,190,001 were deferred. The fundraising event was subsequently held in September 2021, and the deferred revenues to be recognized as income.

**7. PAYCHECK PROTECTION PROGRAM LOAN (PPP)**

In April 2020, Young Eisner Scholars applied for and received a Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$183,690. The loan had a rate of 1.0% and is due in five years, unless forgiven. On April 22, 2021, Young Eisner Scholars received forgiveness of the PPP loan for the full amount of \$183,690.

In February 2021, Young Eisner Scholars applied for and received a Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$176,945. The loan has a rate of 1.0% and is due in five years, unless forgiven. This loan was subsequently forgiven March 1, 2022.

**8. COMMITMENTS**

Young Eisner Scholars has entered into equipment lease agreement with Ricoh expiring July 30, 2023. Future minimum rental payments under non-cancelable leases are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 1,572
2023	<u>1,572</u>
Total	<u>\$ 3,144</u>

Total equipment rental expense, for the year ended August 31, 2021, amounted to \$1,734, which is included with equipment purchases of \$6,043.

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
**(CONTINUED)**

**9. IN-KIND CONTRIBUTIONS**

For the year ended August 31, 2021, Young Eisner Scholars recorded total in-kind contributions of \$44,460.

In-kind contributions are recorded at their fair market value and consist of the following:

	<u>Amount</u>
Donated facilities - Downtown office	\$ 44,460
Total in-kind contributions	<u>\$ 44,460</u>

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net asset with donor restrictions for the year ended August 31, 2021 are as follows:

	<u>Amount</u>
Scholarship	\$ 595,000
Student Activities	<u>20,250</u>
Total	<u>\$ 615,250</u>

Net assets released from donor restrictions for the year ended August 31, 2021 are as follows:

	<u>Amount</u>
Satisfaction of scholarship restrictions	\$ (397,424)
Satisfaction of student activities restrictions	<u>(23,400)</u>
Total	<u>\$ (420,824)</u>

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
**(CONTINUED)**

**11. LIQUIDITY AND FUNDS AVAILABLE**

Young Eisner Scholars regularly monitors liquidity required to its operating obligations and contractual commitments, while also striving to maximize the investment of its available funds. In addition to existing financial assets available to meet general expenditures within one year, Young Eisner Scholars receives ongoing contributions, unrestricted and restricted for programs, where such funds are used for operations and specific programs.

As of August 31, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet its operational cash flow needs:

	August 31, 2021
Cash and cash equivalents	\$ 1,327,095
Accounts receivable	909,889
Promises to give, net of allowance	492,700
Investments	2,744,163
Total financial assets	5,473,847
Pledges over one year	(35,000)
Less: Donor-imposed restrictions:	
Designated Funds (With Donor Restrictions)	(552,945)
Net financial assets after donor-imposed restrictions	4,885,902
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,885,902

Young Eisner Scholars' goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$500,000). As part of its liquidity plan, Young Eisner Scholars receives individual and corporate donations which typically total \$800,000 to \$1,000,000 annually.

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**12. CONCENTRATION RISK**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Young Eisner Scholars deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

The majority of Young Eisner Scholars' contributions and grants are received from corporations, foundations, and individuals located in Los Angeles County. As such, Young Eisner Scholars' ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Young Eisner Scholars' services.

Young Eisner Scholars' investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Young Eisner Scholars' financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**13. SUBSEQUENT EVENTS**

Young Eisner Scholars has evaluated events subsequent to August 31, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 20, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

In February 2021, Young Eisner Scholars applied for and received a second Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$179,945. The loan has a rate of 1.0% and is due in five years, unless forgiven. Young Eisner Scholars applied and received confirmation of forgiveness in early March 2022.